

13 October 1952

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT: Report of Activities
Week Ending 10 October 1952

I. Introduction.

1. Conferences were held with the Chief, Commercial Division, Chief of Administration (DD/P), Deputy Chief of Organization and Methods, and the Deputy Comptroller on the two major assignments given to me. In addition, I participated in several advisory discussions on specific projects.

II. 9.4 of Confidential Funds Regulations.

1. The continuation of the planning and coordinating function formerly undertaken by the Covert Coordination Committee and its Secretariat appears to be at a standstill. Although the issuance of a new CIA Regulation and Notice will tend to alleviate the situation, the basic obstacle seems to be the delay in establishing the position of the Commercial Division in the DD/P complex and, in particular, establishing the fact that the Commercial Division is now responsible for this planning function.

2. From discussions with the Deputy Director (Administration), the Chief of the Commercial Division, and the Chief of Administration, DD/P, I have the opinion that there is no common opinion as to the:

- a. Need for a special planning function and facility.
- b. The placement of the function or its manner of accomplishment.

3. In order that any questions or problems might be isolated as quickly as possible, I have urged the Chief of CM to formalize in writing:

- a. The concept or philosophy under which the planning and coordinating function will be performed.
- b. The working procedures proposed to accomplish the function.
- c. The T/O requirements to accomplish the function.
- d. A draft DD/P Directive formally establishing the function within the DD/P complex.

III. Agency Regulations.

1. The problem of Agency and Office Regulations and Procedures was discussed with numerous officials, and a specific recommendation was separately submitted to the DDA. Subsequently a lengthy discussion was held with the Chief, Administration, DD/P. I believe his views can be summarized as follows:

- a. There is an urgent need for revised Agency Regulations and especially for [REDACTED] Procedures.
- b. A concerted effort should be made to develop a firm, long-range concept of Regulations and Procedures.
- c. The random efforts now being made to improve Regulations and Procedures should be directed into a single Agency concept.
- d. That there should be a separation of Agency overt and covert Regulations, and a further separation between Agency issuances and Office issuances. That all such issuances should be melded together in such a way as to ensure practical functional utility at the working level.

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2. I have now reached the supplementary conclusion that there must be an effective Agency Publications Office, headed by a very competent officer, to control and guide the overall issuance program of the Agency regardless of the office or level at which Regulations and Procedures may be actually drafted.

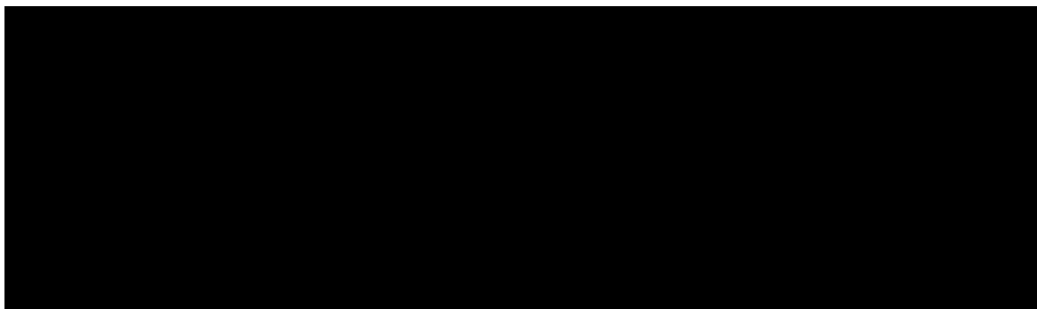
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IV. Project [REDACTED]

1. A memorandum from the Chief of the Commercial Division announces final and complete liquidation of the Agency's ownership of the proprietary venture, [REDACTED]. The liquidation plan finally adopted involved:

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2. In retrospect, I am of the opinion that the most significant aspect of this project is the fact that from the outset the project was opposed for one reason or another by almost everyone who came in contact with it. The complete enthusiasm of the case officer, however, succeeded in establishing the project, expanding it to an uneconomic level and was a contributing factor in delaying the ultimate liquidation. This fact leads me to the conclusions that:

- a. Project presentation procedures should require a careful appraisal of the risks and hazards involved including a positive appraisal of the probability of success.
- b. Administrative personnel who at any time develop adverse convictions about a project, which may be contrary to those held by the case officer, should be encouraged to report their convictions to the DDA. Such a procedure would permit consideration and resolution with the office of the DDP at a level appropriate to the problems raised.

3. The importance of these recommendations is considerable. Some proprietary projects are approved only in anticipation of profitable commercial operations. Others are undertaken with full expectation of deficit operations. If such contemplations are not clearly established at the time of the project approval, criteria is lacking to appraise both the success of the project and the competence of its managers. This may lead to the approval of projects which might otherwise not have been approved, may in some cases delay corrective action, and in others may reflect unfairly upon the judgment and competence of Agency officials.

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1. A meeting to consider the problem of establishing an effective cover story for the financial requirements of [REDACTED] was attended on 8 October 1952. [REDACTED]

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2. At the meeting several promising ideas were developed for improving the cover. These are:

a. [REDACTED]

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b.

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3. These proposals will be further explored and, if adopted, substantial changes will have to be made in the fiscal portion of the Administrative Plan for the project.

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VI. Project

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1. Mr. [REDACTED] has returned from his trip [REDACTED] in connection with project [REDACTED]. His assignment was to undertake, to negotiate and to install budget and accounting methods to govern [REDACTED] relationships with CIA. [REDACTED] records were pouched back to the United States, and his report to the Chief, WE, is being prepared. Copies will be sent to the Commercial Division, the Inspector, CIA and to the Deputy Director (Administration). The results of this effort, if approved, will be established in a revised Administrative Plan for the project.

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[REDACTED]
Special Assistant to the
Deputy Director (Admin.)

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